



United States Department of the Interior

BUREAU OF RECLAMATION

Klamath Basin Area Office

6600 Washburn Way

Klamath Falls, Oregon 97603

IN REPLY REFER TO:

KO-400 (JBirri)

RES-3.10

DEC 20 2006

Dear Interested Party:

Subject: 2007 Klamath Basin Water Supply Enhancement Study (WSES)

The 2000 Klamath Basin Water Supply Enhancement Act authorizes the Bureau of Reclamation to study various aspects of water development and marketing in the Klamath Basin. Under this authority, Reclamation may acquire up to 100,000 acre-feet of water in 2007 above Keno Dam for use during the irrigation season. The water will be used as needed to supplement agricultural water demand while meeting the requirements of court-ordered flows in the Klamath River. The WSES consists of several programs, including on- and off-project water storage, dryland operation, groundwater substitution options, and groundwater pumping.

At this time, Reclamation is soliciting bids for the dryland operation and groundwater substitution options programs for the WSES. Enclosed for your use, is an instruction and application packet and a summary of the previous years bidding information.

For dryland operation, Reclamation is accepting applications from individuals, groups of individuals, partnerships, and companies willing to forego irrigation of their lands during the 2007 irrigation season in exchange for a payment.

For groundwater substitution options, Reclamation is accepting applications from individuals, groups of individuals, partnerships, and companies willing to alternate between surface water irrigation and groundwater irrigation during the 2007 irrigation season at Reclamation's specific request. Payment will be based on the documented quantity of groundwater pumped. It is possible Reclamation may not make a request for groundwater substitution at any time during the irrigation season, in which case no payment will be made. Oregon landowners must provide documentation of a Supplemental Water Right for the groundwater sources and fields in this program, as it is unknown whether drought permits will be issued this year.

Participation is open to all users of surface water above Keno Dam including non-Project users, except lands above Harpold Dam, Federal lease lands, and lands under temporary surplus water contracts ("C lands").

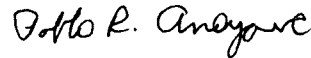
Eligibility is limited to field units which have been irrigated in the recent past. Field units must have been irrigated (surface or groundwater) in at least one of the past three irrigation seasons (2004, 2005, or 2006). Only complete field units of at least 20 contiguous acres are eligible.

Prospective applicants are encouraged to contact the Klamath Basin Area Office for details on the Program. Starting January 8, 2006, you may make an appointment to discuss your particular operational situation prior to submittal of your final bid. Please note that Reclamation will be closed January 15, 2006, for the observance of the Martin Luther King, Jr. holiday.

Completed and signed applications and all documentation must be submitted to the Klamath Basin Area Office, 6600 Washburn Way, Klamath Falls, OR 97603, by 4 p.m. on Thursday, February 15, 2006, for consideration.

For additional information, please contact Jennifer Birri, Mike Neuman, or Bud Zangger of Reclamation's Klamath Basin Area Office, at 541-883-6935, or by email at jbirri@mp.usbr.gov, mneuman@mp.usbr.gov, or ezangger@mp.usbr.gov. Program information, an application form, and a sample contract are available on the Klamath Basin Area Office website at: <http://www.usbr.gov/mp/kbao>.

Sincerely,

A handwritten signature in black ink, appearing to read "Pablo R. Arroyave".

Pablo R. Arroyave
Area Manager

Enclosures – 2